

Funerals Market Study
Competition and Markets Authority
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Funerals Market Study

The National Association of Funeral Directors is the largest trade association for the UK funeral profession. It represents more than 850 funeral firms which operate, between them, more than 4,000 funeral homes.

Please find, below, the NAFD's responses to the Competition and Markets Authority Statement of Scope in respect of the Funerals Market Study. We would be delighted to expand upon these points in more detail and have been pleased to have already been able to both discuss various points, in relation to the market study, with you and to provide you with access to the NAFD's membership - in order that you may build the most comprehensive picture of the profession possible.

Nothing contained in this response should be considered confidential and it may be published as submitted, if appropriate. Where the document refers to other, more sensitive material, the NAFD would be pleased to discuss or provide this to the CMA separately.

1. Introductory comments

In responding to the Statement of Scope, the NAFD is pleased to be able to set out for the CMA evidence of how the funeral profession overcomes the challenges of:

- a customer base that is often uncomfortable discussing its services ahead of time and/or grieving and emotionally ill-equipped to do so when they are needed;
- an often aggressively negative media environment; and
- an increasingly outdated and inconsistent regulatory and political environment,

to successfully deliver hundreds of thousands of funerals each year that are personal, meaningful and are provided at a reasonable cost in comparison to other, equivalent consumer purchases such as weddings and christenings.

That is not to say that the funeral profession is above criticism. Indeed we recognise that there are areas where we believe some sections of the profession need to evolve, such as in the area of passive pricing visibility – and we show in our submission how the NAFD is assisting its members in achieving this change. However, we will also show how other factors outside the funeral director's control can serve to frustrate the profession's attempts to act in the public interest and how we believe that change – and a greater degree of consistency - is also needed from the public sector, together with a shift in society's willingness to make the appropriate plans for the end of life, to ensure that bereaved families are able to make fully informed choices and say farewell to their loved one in the ways that they would like to.

Fundamentally, we recognise that funeral directors are purveyors of services that no one wants to use. This makes the purchase of funeral services a more difficult, sensitive and challenging one – and discussions about cost far more loaded with emotion. When is the right time to discuss money with someone that is grieving the recent loss of someone they love?

Traditionally, this has led funeral directors to prefer having discussions about costs face to face, supported by the comprehensive price lists that membership of the NAFD has always required them to produce. However, recent rapid changes in how consumers buy services and products has sometimes left the funeral profession running to catch up, to explain the nature of its services and the value of a funeral to consumers in ways that stakeholders understand, and in ways that bereaved consumers are able to easily digest.

Increasingly, funeral directors are participating more fully in the digital economy, building more sophisticated web presences and publishing price lists online, as well as sending them out by email or handing them out to personal callers. The NAFD is actively supporting this evolution and has encouraged its members to make their prices more visible since 2016. However, given the nature of the services, we believe there will always be, and should be, an element of personal conversation and connection in the purchase of funeral services - as the care of those that have died and the people who mourn them is not a commodity, nor should it ever be.

We know that the CMA understands that funeral directing is not an easy job. It is certainly not one that many people could do and so it is both frustrating and disappointing when responsible, decent funeral directors are publicly berated for earning a living from the difficult, demanding and caring job that they do.

In our experience, this criticism comes more often from opinion formers than from bereaved families and this is supported by some new research findings.

In June 2018, the NAFD commissioned YouGov to undertake research with 1,000 people who had arranged a funeral in the past five years¹ and the findings showed that 97% of respondents who had used a funeral director were satisfied with the services of the funeral director, 83% considered them good value for money and 84% now value the services and expertise of a funeral director more highly as a result of using the services of one.

There is a growing (and worrying) tendency for an assumption to be made that because bereaved people are vulnerable they will automatically be taken advantage of. Not only does that imply that funeral directors are fundamentally greedy, but it also denies the truth that being vulnerable does not necessarily mean one lacks capacity to make choices. Indeed, in the experience of our members, many families find the ability to choose, for example, a personalised coffin or a special piece of music to be both essential and cathartic.

The 2018 YouGov findings also revealed that 84% of respondents with experience of organising a funeral didn't compare prices of funeral directors – with 66% saying this is because they already knew which funeral director they were going to use and 39% saying cost was not the most important factor in making a decision. Only 7% said they didn't know how to compare funeral director prices.

¹ All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,014 adults who had organised a funeral in the last 5 years. Fieldwork was undertaken between 22-25 June 2018. The survey was carried out online.

Despite this, we do have ample experience from our members of examples where families are comparing prices prior to choosing a funeral director, whether by visiting the funeral home for a provisional discussion and obtain an estimate or calling to ask about costs. The NAFD is pleased you are reaching out to funeral directors across the UK – we are sure you will hear more of these stories.

The 2018 YouGov research has shown, as did the equivalent study² undertaken two years ago ('Funerals Matter 2016' commissioned through YouGov by the NAFD and Cruse Bereavement Care³), that comparing prices is not the most important criteria for many people when choosing a funeral director and that there are other criteria which are considered more important. You will see in our response that, in the 2018 findings, only 25% of respondents said that keeping costs down was a priority in funeral arranging and only 4% said they chose a funeral director because they were the cheapest they could find.

It is true that some funerals are expensive and some families spend more than they perhaps should. As with many other consumer purchases, it is true that anything other than the barest essentials could be deemed superfluous. However, these pressures are typically societal rather than from within the funeral sector. The 2018 YouGov survey found that 42% of UK adults who have organised a funeral in the past five years say a 'proper send-off' is important when planning a funeral and for 56% of UK adults who have organised a funeral in the past 5 years in 2018 'making it personal' is an important criteria Keeping the costs down was the seventh most important criteria at 25%.

Funeral directors generally discourage families who say they are in financial difficulties from overspending and do not apply pressure to choose particular options. This is supported by evidence from the 2018 YouGov survey of people with experience of organising a funeral, in which 72% of respondents (who said they used a funeral director that discussed a range of options with them) said they did not feel any pressure at all to choose any particular options and a further 22% said they did not feel much pressure.

This is self-interest, as well as kindness towards the customer - there is no incentive in providing unnecessary services if the concomitantly larger bill subsequently goes unpaid. Indeed bad debt is a real problem within the sector. At the same time, it is wrong to look at someone and judge their financial situation. Funeral directors rarely know their clients, and their circumstances, personally and so have to be sensitive in how they enquire about budget. They certainly cannot and should not deny families the right to choose the funeral that they want.

We hope that, as a consequence of this market study, the funeral profession will emerge with not only valuable and importance guidance as to how it should evolve to be able to deliver what consumers need in the future – but also with a greater understanding, by the public and by opinion formers, of the factors driving the cost of a funeral and how funeral choices are made as well as, importantly, a clean bill of health - as has been the case following previous investigations by the CMA's predecessor, the Office of Fair Trading.

2. Responses to Statement of Scope questions

² All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 503 adults. Fieldwork was undertaken between 6th - 9th April 2016. The survey was carried out online.

³ A summary of the 2016 Funerals Matter survey findings is attached at Appendix 1.

a) Why have funeral prices generally increased?

The price of a typical funeral in the UK can be broken down into various heads of cost:

1. The funeral director's fee, which typically covers the collection, preparation and general care of the deceased; visiting the deceased person in the chapel of rest; a hearse and any limousines; the coffin or casket; and the funeral director's professional advice and services in arranging the funeral and completing all the paperwork.
2. Third party costs, such as doctors and ministers' fees, burial and cremation charges, which are essential to the chosen type of funeral service.
3. Discretionary costs for products and services chosen by the family, including embalming, floral tributes, memorial tributes etc.

As the NAFD will show in this submission, over time, the relative proportions of these heads of cost have changed within the funeral invoice as well as growing in absolute terms.

Funerals have changed significantly in the last two decades, moving from a reasonably simple, predictable and formulaic structure to becoming highly personalised events, which celebrate the life of the person that has died as well as bidding them farewell. At the same time, there have been changes in local and national government services and processes which have increased the time between death and the funeral, adding additional logistical considerations to funeral planning which consequently add to the cost further. However, one of the fastest rising costs within a funeral invoice has, and continues to be, those outside the funeral director's control – such as burial and cremation fees and other third party charges.

The most recent Royal London *Funeral Cost Index*⁴ report found that the average cost of a funeral rose by 3% in 2017 to £3,784. The report concluded that this price increase was largely due to significant, above inflation increases in burial and cremation costs (burial fees were up 3.5% for local residents and 5.3% for non-residents when compared with the previous year, and cremation fees were up by 5.4%). Funeral directors' fees, on the other hand, were shown to have only risen by only 2.1%, which was well below the rate of inflation.

There is currently limited information available in relation to funeral costs in 2018 but early indications from the recent NAFD members' survey are that nearly half of our members have not increased their prices at all in the last year. This, coupled with the fact that our two largest members, Co-operative Funeralcare and Dignity, have reduced their prices in the last three years, indicates that our members are playing their part in making sure the price of funerals remains affordable.

Factors that have contributed to the general rise in the price of funerals

Consumer expectation

One factor that has undoubtedly contributed to the increase in the average price of funerals is growing consumer demand for more sophisticated and personalised services products. Twenty years ago, most funerals followed a similar pattern. They were typically sombre and traditional affairs, with the emphasis being very much on mourning the person who had died. Families would typically have chosen from a far more limited range of products, such as coffins and floral tributes, to make a

⁴ <https://www.royallondon.com/Documents/PDFs/2017/Royal-London-National-Funeral-Cost-Index-2017.pdf>

selection that suited their taste and budget. However, aside from these subtle personal touches, most funerals were essentially very similar.

In recent years there has been a significant shift away from this traditional model, towards funerals becoming a much more individual and personal celebration of the deceased person's life. As indicated above, the 2018 YouGov survey found that 42% of UK adults who have organised a funeral in the past five years say a 'proper send-off' is important when planning a funeral and for 56% of UK adults in 2018 'making it personal' is an important criteria

By way of a couple of examples in how the nature of products and services sold are changing, a small funeral firm in Sussex shared with us the total sales of willow coffins over the past 15 years. In 2003, one family chose a willow coffin, by 2007 five families made this choice, by 2010 it was 12, by 2013 it was 35 and, in 2017, 48 families chose a willow coffin⁵.

Similarly, a member in Nottingham reported that, when he began his career in 1969, the local crematorium in Nottingham had three chapels with a service every 20 minutes in each – a total of up to nine cremations arriving in an hour. There was no organ, minimal heating and two songs playing on a loop to fade in and out on entry and exit. Today, most new crematoria only have one chapel and service slots last between 30 minutes and an hour, with a personal service tailored to the needs of each family.

Our members do all they can to meet the wider range of expectations from families in 2018 by offering professional advice on an ever-expanding range of products and services that have emerged to meet this growing demand. Extracts from the NAFD Buyers' Guide is attached, at Appendix 2, to help demonstrate the range of products available today, which include personalised, hand decorated coffins and urns, keepsake jewellery, and vinyl records, diamonds and firework displays - all of which incorporate cremated remains.

While these optional products do carry additional cost, they also enable families to create something that is unique and special to them. This resonates with the findings of the 2018 YouGov survey in terms of the criteria that people felt were important when planning a funeral (e.g. 56% selecting 'making it personal'). This is no different to the purchase of other consumer products and services for significant milestones during a lifetime, such as a christening or wedding.

It is important to note that these innovative products and services are optional, meaning that their availability does not affect the price of funerals where families choose not to avail of them. The price of higher-end funerals has consequently risen at a faster rate than funerals at the less-expensive end of the spectrum.

A similar phenomenon can be observed in the wedding market, where the price of a personalised celebration has increased significantly over the years, with the average cost of a UK wedding reported in 2017 to be £27,000 according to ONS data, compared to £18,733 in 2006 – a 60% rise⁶, while the price of a standard ceremony, which need not cost very much at all, has remained relatively constant. Far from being a negative development, this indicates that the market has responded well to consumer demand by providing new desirable products and greater consumer choice.

Logistical issues which create additional cost for funeral directors

⁵ A complete breakdown of sales by year can be provided.

⁶ <https://www.independent.co.uk/life-style/wedding-costs-32000-pounds-2028-average-rise-spending-ons-study-a8228616.html>

As with all businesses, funeral directors are impacted by increases in utility costs, fuel costs, rents, and staff wages – some of which have risen above the level of inflation. In respect of the wages element, employee costs have also risen as a result of the introduction of:

- Auto enrolment of pensions 1% now 2%
- The National Minimum and Living Wage
- Increased Employer National Insurance contributions

In addition to such general but significant pressures, funeral directors have also faced a number of industry-specific challenges in recent years.

One such challenge is posed by the increasing average delay between a person's death and the date of cremation or burial. Many of our members have reported the delay between death and the funeral as rising the time a deceased person typically remains in their care when compared with the situation ten years ago. One member reported the average gaps as having risen from 5 days to 21 days during their 40-year career and another member reported an increase from 10-19 days in the last decade alone.

In response to this, many funeral directors have been forced to invest in additional mortuary space and equipment, which can be very costly. Even a modest mortuary refrigeration unit can cost a business in the region of £6-£7,000 in addition to running costs, all of which necessarily impact on the baseline price that business can afford to charge for a funeral. There is also a cost attached to additional procedures involved in longer-term storage (e.g. otherwise unnecessary embalming) and the additional day to day care of the deceased.

This situation is also partly due to changing family requirements and expectations about the timescales for arranging a funeral. For example, increasingly families will stipulate a desired funeral date rather than simply taking the earliest date possible. A common reason for this is to enable relatives who will travel a significant distance to attend the service.

However, the most significant delaying factors are completely outside of control of the family or the funeral director, such as those identified by the All-Party Parliamentary Group for Funerals and Bereavement's 2015 Inquiry into delays between death and burial or cremation, which is attached at Appendix 3. These include a lack of coordination between the various organisations involved in certifying deaths, increased pressure on registration services and pathologists providing post mortem services, a lack of core crematoria slots available and uncertainty around Social Fund funeral payments.

The working group made a number of evidence-based recommendations, most of which are yet to be realised. The NAFD continues to campaign for improvement in these areas but, in light of the recent Department of Health Ministerial Statement⁷ announcing further delays to the long-awaited death certification reforms, we are not optimistic about the prospect of positive change in the near future.

The increasing prevalence of adult obesity has also placed a strain on funeral directors in recent years. In 2015 58% of men and 68% of women in the UK were classed as overweight or obese.⁸ In order to accommodate larger individuals, funeral directors have had to invest in expensive new equipment such as rise and fall decks in funeral vehicles, bariatric stretchers, larger-size mortuary refrigerators,

⁷ <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Lords/2018-06-11/HLWS725/>

⁸ Office for National Statistics - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/613532/obes-phys-acti-diet-eng-2017-rep.pdf

and dedicated lifting equipment. Staff also need to be appropriately trained and additional staff are often required to act as pall-bearers for larger individuals.

Anecdotal evidence from our members suggests that average coffin widths have gone up in the past ten years, from around 20-22 inches to 22-24 inches.

All of this impacts on the cost of providing a funeral but, due to sensitivities surrounding the issue of obesity, such costs are seldom discussed with families or reflected in the final invoice. Instead, these additional costs are typically absorbed by the business or factored into the funeral director's standard prices. The sensitivity over additional cost being applied in relation to size was illustrated recently by the negative response to New Look fashion chain charging more for clothes in larger sizes.⁹

Funeral directors are carrying much more debt than was previously the case

Given the nature of the service funeral directors provide, they often find themselves treading a difficult path, balancing their commercial interests against their desire to care for bereaved people.

While increasingly numbers of our members require a deposit to be paid before entering into a contract with a client, there is little else they can do to guard against instances of non-payment. Despite this, 46% of respondents to our recent members survey said they had never turned down a funeral over concerns about a family's ability to pay.

Typically, when an invoice is not paid in full, the cost is absorbed by the business and eventually reflected in the prices offered to future clients.

Fast rising third party charges and the introduction of new charges

As outlined above, funeral directors have seen a significant rise in disbursement costs, particularly burial and cremation fees, in recent years. The Local Government Information Unit (LGIU) and Municipal Journal (MJ) 2018 *State of Local Government Finance* report¹⁰ recently highlighted how councils are not only intending to increase council tax, but are also draining their reserves and looking for additional ways to increase charges to residents too.

A target for these rises is often bereaved people. In recent years the National Association of Funeral Directors has seen countless examples of local authorities introducing double digit-price rises for burials and cremations as well as introducing fines for late running funerals and excess charges for out-of-area funerals. These kinds of third party charges now account for a third of all funeral costs and are the fastest rising cost connected to a funeral.¹¹

The NAFD provides a number of examples of these charges in the response to question r.

Legacy of funeral plan sales

Whilst the NAFD fully appreciates that there is a separate HM Treasury consultation over the pre-paid funeral plan market, our view is that it is not possible to review competitiveness within the at-need funeral sector without some understanding of the impact that pre-paid funeral plans has on it.

⁹ <https://www.bbc.co.uk/news/business-44121064>

¹⁰ <https://www.lgiu.org.uk/wp-content/uploads/2018/02/LGIU-MJ-State-of-Local-Government-Finance-Survey-2018-Full-Report.pdf>

¹¹ Royal London report

On average, there are nine years between a funeral plan being taken out and the death of the person taking place and the person executing the plan is not always present when the plan is purchased.

A separate Omnibus survey of 2,000 GB adults¹², also carried out for the NAFD in June 2018, revealed that people who had purchased a funeral plan were accompanied as follows:

- Partner 35%
- Children 15%
- Parents 1%
- Extended family (e.g. grandparents, aunties, uncles etc.) 2%
- Friends 3%

For 35% of respondents no one was with them when they bought the plan.

This suggests that plans, bought many years previously, are being executed by people who did not make the choice as to what costs were covered/not covered and, as will be amply evidenced in our HM Treasury consultation response, there are significant numbers of those people who go on to find there is a shortfall between the cost of the plan and the funeral.

Given the average age of people who take out a funeral plan, for the 35% who had a partner with them when they took out the plan it is also quite possible that the partner has pre-deceased them and so is also not there to advise the person executing the funeral plan of the plan holder's intentions and wishes in respect of the funeral plan.

This leads to funeral directors having to ask the family to meet the additional costs, swallow the costs themselves, or turn the family away. In practice, funeral directors rarely do the latter because it goes against their commitment to care for families in their time of loss and so we see loss of revenue and unsustainable levels of debt in the funeral profession as a result. In the 2018 NAFD Members Survey 86% of respondents reported that they had bad debt and, for 36% of respondents, it has increased in the last twelve months.

All of this affects funeral director's ability to run a profitable business and can impact their choices about fee rises. However, as stated above, it is notable that despite these issues 46% of respondents to the members' survey confirmed that they had never turned a family away over concerns about their ability to pay.

Growth in market supply

Through its membership application processes, the NAFD has noted increases in the numbers of funeral homes opening across the UK at a faster rate than the growth in the number of UK deaths each year.

Although sometimes the opening of one results in another funeral home closing down, this has not often proved to be the case and so there has been an increase in the total number of UK funeral homes over time leading to oversupply in the market. This is a factor that has been discussed by the NAFD as

¹² All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2041 adults. Fieldwork was undertaken between 27th - 28th June 2018. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

far back as 2010, in a presentation by consultants FMc to the NAFD Autumn meeting, in November 2010, entitled 'Managing in an oversupplied market'.

This growth in numbers has led to reduced market share for funeral firms, leaving them with higher overheads to be funded by fewer funerals. This has made it less cost effective for them to operate their businesses and has contributed to the need for higher prices to help them cover costs.

Continued efforts of funeral directors to keep costs down

In spite of all these price-inflating factors, the 2017 Royal London report suggests that there was overall funeral price stagflation and only a modest rise, well below the rate of inflation, in the price of funeral directors' fees in 2016-2017.

It is regrettable that disproportionate increases to burial and cremation fees have had a counterbalancing effect in recent years, particularly as public perception tends to be that these fees, which are collected by our members on behalf of the burial or cremation authority, somehow form part of the funeral director's fee. The 2018 YouGov survey showed that two thirds (63%) of respondents who had arranged a funeral in the past five years and used a funeral director were aware of these third party charges in advance, leaving just under a third (31%) unaware of them.

In fact, the evidence suggests that funeral directors are making considerable efforts to keep prices down, at a time when local authorities are not. The NAFD would like to see more local authorities exercise the same restraint and resist the temptation to see bereaved people as a revenue opportunity.

General comments about the available data relating to the cost of funerals

The NAFD has monitored the average cost of funerals, based upon the actual experience of consumers, in 2016 and 2018, as part of its research activity with YouGov, together with information in members surveys about increases in funeral directors' fees levied by its members, in order to check that the average prices quoted by the various insurance company-backed reports are accurate. The NAFD broadly agrees with the average funeral costs described in such reports and recognises that, on the whole, authoritative research sources are used.

However we would make the comment that these reports do have a commercial imperative behind them and so the way conclusions have been drawn from the data should perhaps be viewed in that light?

b) What explains certain large funeral price differences between funeral directors in the same local area?

The existence of price variation between funeral directors provides evidence of a healthy local market as it indicates that there is competition between funeral directors; they are either innovating in the level, range and quality of services in order to differentiate themselves, or they offer very similar packages and so are competing primarily on price for customers.

In common with the hotel market, where you can choose between budget chains, boutique establishments, family run B&Bs, glossy international brands, and luxurious country estates – all of which will offer you a bed for the night, but will provide a completely different experience in delivering this core service - some funeral directors position themselves as offering premium services and products, while others will target themselves towards the more budget conscious families.

The costs of delivering that service will vary as a consequence. One requires greater investment in staff, infrastructure, product/service ranges and training than the other.

Given the highly personal nature of decisions about funerals these days, funeral directors have evolved to offer services and facilities across a wide spectrum of needs and choices – with a range of prices to match. By way of an example, while the average selling price of a coffin, according to NAFD members in a recent survey, is around £432, there are budget coffins available for as little as a hundred pounds for a foil or cardboard coffin¹³, to more than twenty thousand pounds for a polished bronze American-style casket¹⁴.

In addition to meeting the needs of consumers for greater choice, factors which might affect funeral directors' fees could also relate to their business model – depending upon the location of the funeral home (central or on the outskirts of the location), the opening hours and availability (by appointment only, drop in etc.), and whether they are a branch within a large corporate/co-operative or a small independent firm with only one or two branches. Some funeral directors invest hundreds of thousands of pounds in the latest facilities and fleets, others hire in everything they need, as and when they need it.

Larger firms are more likely to be affected first by changes in regulations, such as the introduction of workplace pensions, whilst smaller firms often benefit from a delayed introduction – influencing when and how they will invest to meet these changes, and so you will see different types of businesses affected differently by external forces.

Price differences may also occur because of the nature of the funerals typically provided by the firm – particularly if this is in meeting the cultural or religious needs of particular community groups, whether the firm has proper mortuary care on site – or because they are using different cemeteries and crematoria which can (and do) set their prices entirely independently of each other.

In our experience, it is often the case that the issue isn't necessarily the variance in price, it's the way that the services of each funeral director differ that isn't always well understood by consumers.

However, although the price of a funeral will be affected by the choice of cemetery, burial ground or crematorium, those costs are not affected by choice of funeral director. Those third party charges are also not able to be affected by other choices made by the family - whether they choose the most or least expensive coffin, the crematorium's fee will not alter. Therefore there is a threshold cost for the choices they have made which they are not able to reduce without them compromising on those choices.

It is also worth noting that the charges for burial and cremation fees are almost always paid by the funeral director on behalf of the family and often before the family pays the funeral director. This can impact on the cashflow of the business, if the funeral director concerned does not take a deposit payment or ask for disbursements to be paid up front.

c) In what settings and under what circumstances do consumers decide which funeral director to contact?

Death occurs in a variety of circumstances. For example there are expected deaths due to old age and due to illness or following palliative care; sudden deaths in old age or following illness; and traumatic and unexpected sudden deaths due to accident, incident or suicide. All of these circumstances will have a bearing on the decision making abilities of the recently bereaved and the likelihood of plans being in place for the funeral.

¹³ <http://www.coffincompany.co.uk/>

¹⁴ <https://www.comparethecoffin.com/content/promethean-polished-bronze-american-casket-coffin>

The decision over which funeral director to contact is often made at-need, e.g. when a death has occurred or is expected imminently. The person responsible for arranging the funeral may be at the hospital with the person that has died or is dying, in a bereavement office, at a hospice – or they may be at home, at work, walking along the street – indeed almost anywhere. In the case of death in a hospice or nursing home, often there is a requirement for the body to be collected quickly which hastens the choice of funeral director.

None of these places, the NAFD would suggest, is the ideal place to be able to think clearly about any immediate choices relating to the funeral.

However, it is well documented that many Britons remain uncomfortable with discussing their funeral or the funeral of someone close to them in advance, let alone putting any plans in place and choosing a funeral director ahead of time.

- According to the 2018 Omnibus survey of all GB adults, conducted for the NAFD by YouGov, 12% of GB adults said nothing would ever prompt them to think about their own funeral (down from 14% in 2016) and 52% would only turn their attention to it after experiencing a serious illness or accident, or after someone else close to them had died.
- According to Dying Matters, 81% of people have not written down any preferences around their own death, and only a quarter of men (25%) and just over one in three women (35%) across England have told anyone about the funeral arrangements they would like to have after they die.¹⁵

The NAFD believes it is important that people take their time over the choice of funeral director, ideally researching the different options, services and prices available from different funeral directors, to make sure they choose a firm that they feel comfortable with and which offers the kind of funeral service they want and can afford.

Since 2013, the NAFD and its members, working with the Dying Matters Coalition, have sought to encourage the public to set out their wishes in respect of their funeral through the ‘My Funeral Wishes’ leaflet¹⁶, which is a simple conversation guide designed to help people think about what might be important to. Ideally, we would like to see more people making plans – whether formal or informal – for what they would like to happen after they die, as we believe this is beneficial for the public and for funeral directors too.

Making informed choices

Given the emotional state, and lack of preparedness that many people present when meeting with a funeral director there is a perception in some parts that funeral directors may take advantage of this situation to encourage bereaved people to spend more on the funeral.

In the 2018 YouGov survey of people with experience of organising a funeral, respondents were asked if the funeral director discussed a range of options and prices with them – to which 76% confirmed that this took place (9% couldn’t recall) and 94% said they felt no, or not much, pressure to choose particular options.

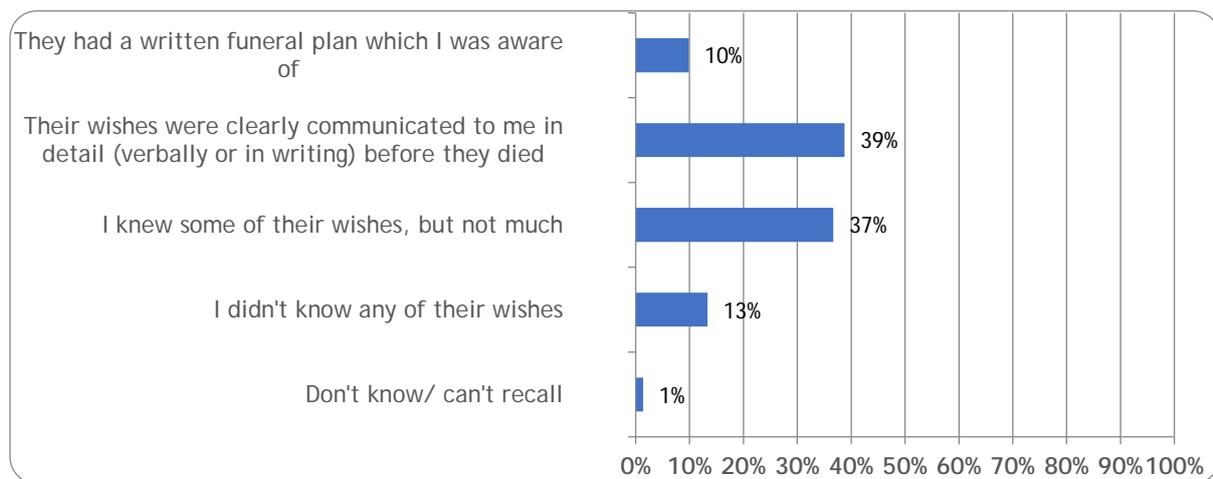
¹⁵ <https://www.dyingmatters.org/overview/why-talk-about-it>

¹⁶ <https://nafd.org.uk/pre-arrange-a-funeral/my-funeral-wishes/>

They were also asked if they were alone when they discussed the costs and options relating to the funeral. 81% of respondents were accompanied by at least one other person (34% by two or more people) – suggesting a reduced opportunity for either a vulnerable individual acting alone to be taken advantage of, or for there to be no one else present to provide opinions or advise caution in terms of the options presented.

The fact remains, though, that if more people had plans in place for their funeral, or had clearly expressed their wishes, there would be even less opportunity for people to be concerned about whether grieving people are making informed choices.

When respondents to the 2018 YouGov survey were asked the question as to how much information they'd had about the funeral wishes/preferences of the person who died, they responded as follows:



This suggests that around 50% of those who'd organised a funeral in the past five years did not have any or much information about what the person who had died wanted.

It seems unlikely that this will change any time soon. When YouGov asked all GB adults, in June 2018, 'Who, if anyone, do you think should be MAINLY responsible for making plans to cover the cost of your funeral?' 61% responded that they themselves were mainly responsible – however this is an almost identical number (59%) to those who confessed they had put no plans in place at all. Even among the over 55s the number of people with no plans in place remained significant at 44%.

Funeral directors see the impact on bereaved people who have not had conversations with the person that has died about their preferences and so don't know what to do for the best when arranging the funeral.

The NAFD's view is that helping people feel more comfortable in having these conversations may well require intervention in the education system, mirroring PHSE sex and relationship education programmes with a similar programme on loss and bereavement, to help build a society more prepared and comfortable with the idea of its own mortality and what happens after a death. The first time you see a coffin shouldn't be when someone you love is inside it.

For this reason many of our members hold regular open days and attend community events, to help normalise the presence of funeral directing within the community and the Association has been

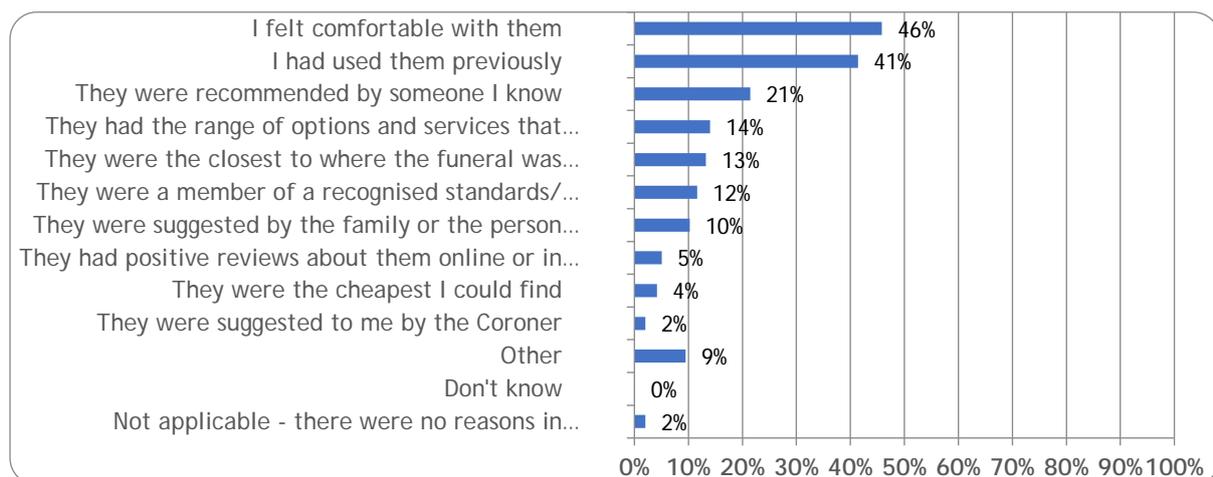
exploring the potential for an in-school education programme, sharing ideas with Cruse and educators, since mid-2017 and it is a key theme for Abi Pattenden, now the NAFD’s National President¹⁷.

d) What factors are important to them in making that choice? How far (in terms of distance / time) are consumers prepared to travel to reach a funeral director?

The NAFD does not collect data on how far people travel to reach a funeral director as, in the experience of our members, the choice of funeral director is generally influenced by the location of the funeral which, in turn, is influenced by factors such as the where the person who has died lived (and/or died), the place where the person organising the funeral lives and any wishes that have been expressed about where the person would like to be buried or cremated.

In the 2018 YouGov Omnibus Survey, GB adults were asked what factors they thought might be important when choosing a funeral director. Convenient location was the fifth most important consideration (29%) after reputation (51%), cost (44%), choice of the deceased person (44%), recommendation (43%) and whether they liked the funeral director when they met them (38%).

A similar question was asked by YouGov of the adults with experience of organising a funeral and chose their funeral director. Choosing as many criteria as applied to them in their decision making, the results were as follows, with only 13% citing proximity as a factor in their decision:



e) Do consumers have sufficient information on the alternative funeral directors available locally?

The NAFD believes that there are plenty of sources of information on funeral directors based in different localities, however consumers are not necessarily choosing to use these sources to inform their thinking.

A ‘Find a Member’ search facility on the NAFD website gives information about more than 4,000 UK funeral homes in our membership, which is the largest official and verified database search facility online. Other funeral director trade bodies offer similar resources.

In addition a list of funeral homes can be found on both online services such as Yell.com as well as in the printed equivalents. Many funeral directors still advertise their services in the classified adverts in

¹⁷ <http://www.freemanbrothers.co.uk/dying-matters-awareness-week-a-week-of-blogging-starts-here/>

local newspapers, although in the 2018 YouGov survey of people with experience of organising a funeral, only 2% of respondents said they looked at local newspapers when choosing a funeral director.

The NAFD is concerned about the information given out by hospital bereavement offices. Individual member firms have reported that staff in certain hospitals operate an unofficial 'preferred supplier' arrangement with particular funeral firms and others are using the marketing literature of commercial comparison websites (e.g. Beyond and Your Funeral Choice) – which only includes the details of those funeral homes that have paid to be listed on these websites. Similarly, we are also aware of an instance where a funeral director with a contract to collect deceased persons from a particular hospital had been allowed to insert their own leaflet into the bereavement booklet.

The Association recognises the importance of sign posting for bereaved families (the DWP has also identified provision of early information as being important for potential claimants) and would welcome the standardisation of information given out via any public sector body to bereaved families, following a death, to ensure that they are provided with the details of all local funeral directors that meet a particular set of quality criteria (e.g. they are regularly inspected, abide by a Code of Practice and offer an independent complaints facility).

The NAFD is also in active dialogue with the NHS in the North East, at present, to identify whether there are ways of improving the information presented to bereaved families to ensure they have a comprehensive choice that is not influenced by commercial considerations. The intention is that the solutions arrived at will be offered to the NHS nationally as well as to other agencies such as Registrars Offices and GP surgeries – a solution that the NAFD would welcome as we are frustrated by the lack of a common approach in the NHS at present.

e) Is sufficient information (including low cost funeral options and itemised prices) made available by funeral directors, when is it provided and does it allow for meaningful comparisons of services between funeral directors?

The NAFD believes it is important to consider not only what funeral directors do to make their prices available, but also how consumers choose to use (or not use) this information.

In the 2018 YouGov survey of people with experience of organising a funeral, while 70% who used a funeral director agreed with the statement that 'a funeral is just any other purchase and consumers should do their research before selecting a funeral director and arranging a funeral', only 15% of all respondents who have organised a funeral actually did compare prices before selecting their funeral director.

However, 60% of those that did compare prices of funeral directors before making their choice found actually finding price information fairly/very easy and 66% of those that did compare prices of funeral directors before making their choice found comparing that information fairly/very easy.

Only 2% of those who didn't compare funeral directors' pricing said they couldn't find sufficient information to make a comparison.

We would also question whether the phrase 'meaningful comparison' has a universal interpretation or usage.

How NAFD members make price lists available

All NAFD member firms are required to provide a comprehensive price list and transparent estimates to customers under section five of our Code of Practice. In addition, the Association has been

encouraging its members to publish some pricing information online since 2016. Annual members' surveys (to which around 20% of member firms, representing more than 75% of funeral homes, responded) show that more than a third of NAFD member firms now publish some or all of their prices online and more than half of NAFD member firms now email price lists to clients as well as offering them in branch.

While the number of member firms with some or all of their prices online doesn't appear to have grown significantly in the past twelve months – standing now at around 32% - the figure is higher for funeral homes, which is arguably the more important measure for consumers. Given that many of the member firms with large numbers of branches have package pricing online, and there is detailed pricing being made available by 62.5% of medium-sized members and 32% of smaller members, the number of funeral homes with pricing available online is well over 50% of the total.

That does not mean the NAFD can consider the job done. Of those respondents that don't put their prices online, though, 27% still remain unconvinced of the merits of doing so (a small improvement from last year's 30%) and this is something the NAFD will be continuing to address in the months to come.

To support our members in this area and prevent them feeling they have no choice but to use a commercial comparison site, the NAFD has invested significantly in the funeral-directory.co.uk, an information portal for consumers that are searching for funeral directors.

Building on the current 'Find a Member' facility on the NAFD website, from 2 July onwards consumers will be taken to the funeral-directory.co.uk website which will guide them, step-by-step, through the process of finding their local NAFD members and, in the second phase, will also provide information about their services, reviews from previous customers and details of how to contact them. The listings generated will purely be driven by proximity from search postcode and there will be no ability to pay for enhanced listings.

Members will also be strongly encouraged to add pricing information to the site in the second phase, with information on both simple and bespoke funerals.

The longer term vision is for this platform to also build in facilities and standards information, using inspection information and lists of facilities at each branch (e.g. on site mortuary or Chapel of Rest) to help consumers make a fully informed – and therefore meaningful - choice.

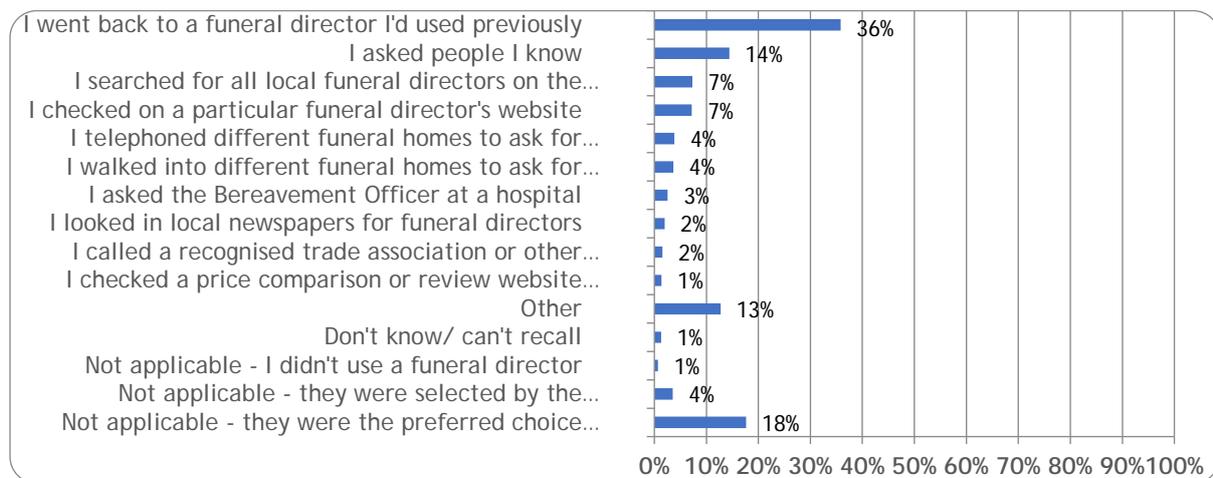
Consumer behaviour and awareness

In our experience, awareness and education of consumers are important considerations in answering this question.

It is also evident that different people plan in different ways and so it is important not to make assumptions that there can only be one set of criteria for choosing a funeral director, nor what might constitute 'sufficient information'. As evidenced in the answer to question d) there is a wide variety of non-financial criteria being applied to the choice of funeral director. In addition, on a practical note, the person organising the funeral may not know what the budget is available to them, as they may be unaware of what assets are in the estate.

The NAFD considers that there is plenty of information available to consumers but there is a question as to whether it is comparable and whether consumers wish to use it to make a decision.

In the 2018 YouGov survey of people with experience of organising a funeral, respondents were asked in which ways they searched for the funeral director they used. The responses were as follows:



YouGov also found, in 2018, that only 15% of people who had organised a funeral in the previous five years compared the prices of different funeral directors (up from 10% in 2016), even though 84% of UK respondents in 2018 agreed with the statement that funeral directors should list their prices online.

The NAFD believes that it is very difficult to accurately compare the prices of funeral directors on a like-for-like basis given how much of the experience of using a funeral firm is based on intangible criteria such as service or on highly personalised services that are particular to the individual that has died.

The majority of the UK public agrees. In the 2018 YouGov survey of people with experience of organising a funeral and who used a funeral director, 76% of people agreed with the statement: 'When planning a funeral I wouldn't always want the cheapest option (i.e. I would be prepared to pay more for certain things such as the coffin, flowers etc.)'.

In the 2018 Omnibus Survey of all GB adults, 47% of respondents agreed with the statement: 'When planning a funeral I would be prepared to pay more for certain things (e.g. the coffin, flowers etc.)'.

Providing a comparison

Until 2014, the NAFD Code of Practice sought to provide a ready comparison by specifying that all members should have a price for a 'Simple Funeral'. The 'Simple Funeral' was defined as:

1. The funeral director's services;
2. attending to the necessary arrangements;
3. provision of the necessary staff;
4. provision of a simple coffin suitable for cremation or burial;
5. transfer of the deceased from the place of death during normal working hours (within ten running miles allowed);
6. care of the deceased for up to fourteen days prior to the funeral; and
7. provision of a hearse direct to the nearest crematorium or cemetery (within ten running miles); if burial is specified (where this is available locally), this may involve an additional charge.

It did not include:

- embalming;
- viewing of the deceased;
- provision of a limousine; or
- any fees, for example disbursements payable on the client's behalf.

There were several reasons for the removal of the 'Simple Funeral' from the Code of Practice. Firstly, it was largely based on a white, Christian funeral service, which would not be suitable for some religious and cultural minorities and is not reflective of a wide variety of other funeral choices regularly made in the UK today.

Indeed in the aftermath of the Grenfell disaster there was considerable discussion between the government, council and representatives in the NAFD in London over how to create a simple funeral package to support families who had lost loved ones in the fire. The challenges over the definition of this package (given the wishes of the families and the sheer number of different cultures and religions involved in the fire) led to the abandonment of the creation of the package and a more blanket approach was taken to providing support.

Secondly, prior to 2014, it was regularly observed that families did not want or like the idea of their loved one having a 'simple' (basic) funeral – indeed it was frequently the case, in our members' experience, that families were upset or insulted when this option was suggested to them. Given, as evidenced elsewhere in this response, the continued importance that the public has stated, in 2016 and 2018, of a funeral being a good send-off and a celebration of the person that has died, this is no less likely to be true now.

In the 2012 Dispatches programme, a member of the public was filmed having chosen the Simple funeral without understanding the compromises that they were making in doing so. The comment in the programme was that the funeral director wanted £2,000 to dress the deceased person but it was not made clear that this was the difference between the Simple 'package' price and a full service funeral that included other services which were not of interest to the gentleman concerned.

In our experience, there can also be a social stigma felt in relation to limited service options. The 2016 Marie Curie/University of York study on *The Meaning of Funeral Poverty*¹⁸ concluded that: "It was noted that people facing difficulties paying for a funeral rarely, if ever, used the term funeral poverty themselves to describe their own circumstances. Indeed, one participant described feeling generally uncomfortable with the term and avoided using it because it could put some people in a negative light."

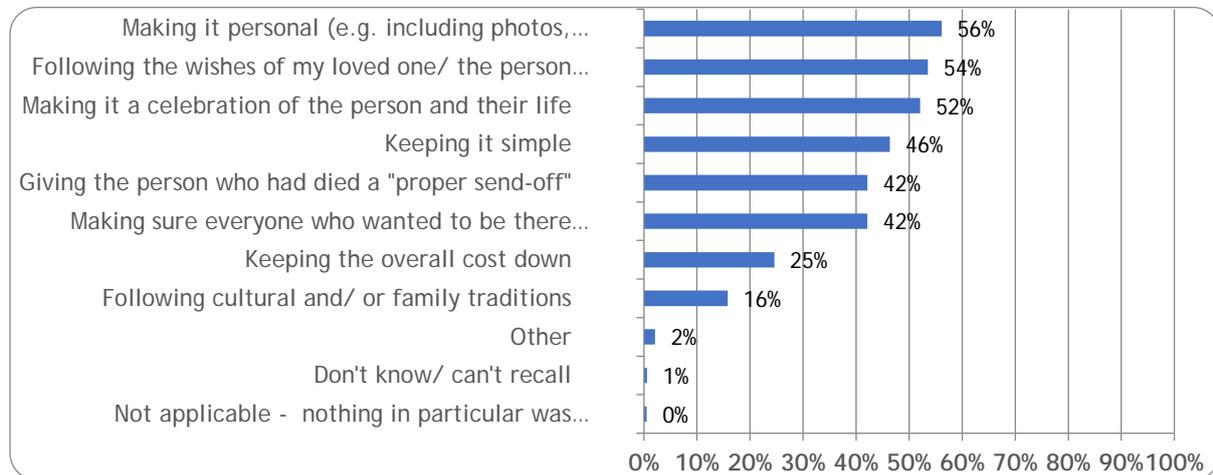
Funeral directors also frequently see disagreements within families as to what should be spent on a funeral. In an article on thisismoney.co.uk (25 January 2014)¹⁹ Dr Kate Woodthorpe, lecturer in Sociology at the Centre for Death and Society (CDAS), the University of Bath said: "For example if there is £5,000 in the account one sibling may think that should be spent on the funeral while another may think some should be spent on something else."

In the 2017 NAFD members survey, nearly two-thirds of respondents (57%) reported a rise in conflict, in the past 12 months, over funeral arrangements - which had led to funeral directors, in some cases, having to take extreme action to make peace among warring families.

¹⁸ <https://www.mariecurie.org.uk/globalassets/media/documents/policy/policy-publications/march-2016/meaning-of-funeral-poverty-exploratory-study.pdf>

¹⁹ <http://www.thisismoney.co.uk/money/bills/article-2545230/What-not-money-pay-loved-ones-funeral.html>

However, for the vast majority of people, a funeral is an important and positive part of the grieving process and is the last thing they can do for the person that has died and they want to give them a 'good send-off'. The 2018 YouGov study evidenced that, when asked what the important criteria was when the funeral was being organised, UK adults who had organised a funeral in the last five years said that cost had remained (as it did in the 2016 survey) the seventh most important criteria in respect of a funeral behind more personal drivers such as getting people together and celebrating the life of the person that had died:



The NAFD has also observed that individual family financial circumstances are often no indicator of the type and complexity of funeral that will be requested. Put simply, in our experience, often those that would appear to have the least, spend the most.

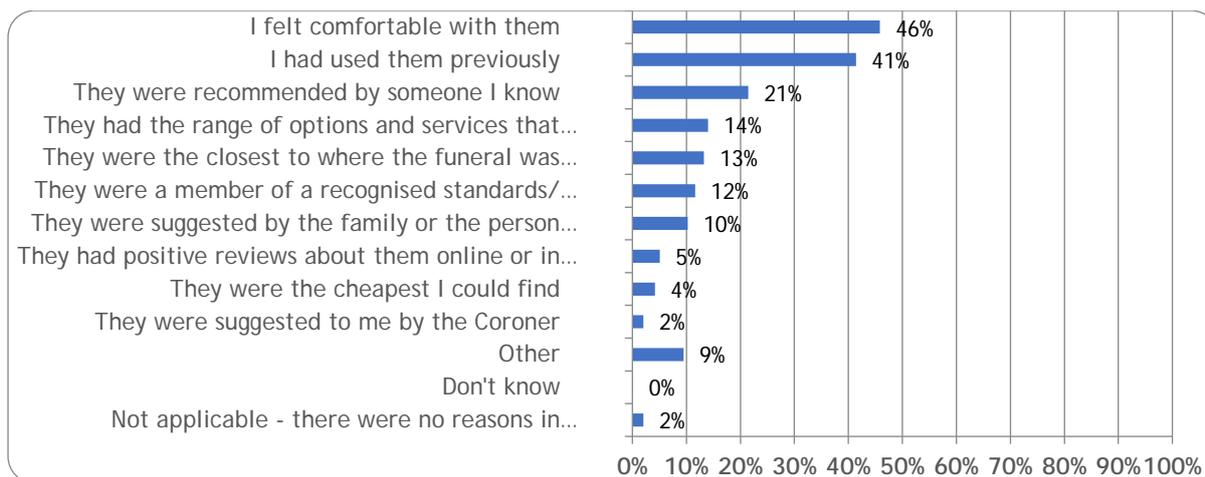
Nonetheless, given the increasing prevalence of online comparison sites, many of which are not offering a proper like-for-like comparison, the NAFD understands that reintroducing some kind of baseline package for comparison purposes is beneficial and, for funeral-directory.co.uk intends to create a 'simple funeral' -style set of parameters to allow its members to provide more easily comparable information.

f) How do consumers evaluate non-price factors, such as quality?

As with any consumer purchase, evaluating intangible criteria can be highly subjective and the value of both personal experience and the recommendation of others becomes increasingly important.

We know from the 2016 and 2018 YouGov research, together with the experience of our members, that Britons say that they value personal experience and recommendation above any other criteria for selecting a funeral director.

The 2018 YouGov survey of adults with experience of organising a funeral provided the following findings of the criteria that was used to select the funeral director:



Given the level of subjectivity in making judgements about non-price considerations and the importance of good chemistry and professionalism in such a sensitive purchase and personal service, the NAFD recommends people shop around and speak directly with different funeral directors to find one that they feel comfortable with and which offers the services they are seeking at a price that is within their budget.

As mentioned above, there is typically more than one person in an arrangement meeting, which enables the person making the decisions about the funeral to have the benefit of another opinion in the room with them.

In addition to this personal experience, there are a growing number of Google Reviews for many funeral firms, or other sources of information such as online price comparison sites. Many funeral directors now have Facebook pages and Twitter accounts which provide the option for customers to post comments and rate their services in a very public way.

The NAFD is seeking to pull the Google reviews together of all funeral homes in membership (and support those who would like to set up the facility) as part of the launch of funeral-directory, in July, to help provide previous customer feedback in a central location and add qualitative data to go alongside the pricing information.

The longer term goal is to also include information on available facilities and standards to help consumers make a fully informed choice as we also recognise that, given the proliferation of new funeral firms that are not currently being inspected by a trade body such as the National Association of Funeral Directors, being able to feel confident in the back-of-house facilities and standards at a funeral home, should arguably be a more overtly considered (and comparable) criteria in selecting a funeral director.

At present we often only see this considered publicly when something goes wrong (e.g. for example when there is media coverage of a problem that has occurred at a funeral home), however, in line with the work going on in Scotland, as part of the implementation of the Burial and Cremation Act (Scotland), the NAFD is looking at the development of a mechanism to help publicly demonstrate investment in and commitment to high standards and facilities by NAFD member funeral homes.

After the event, the NAFD requires member firms to invite the client to offer any comments they may have about the service received, which firms use to influence the improvement of their future services.

g) What are the benefits or limitations of intermediaries, such as comparison websites, in helping people choose a funeral director?

In our view, the single biggest limitation with funeral cost comparison sites is the fact that the current market comparison sites do not include all funeral firms – only those that have chosen to sign up to them. They are primarily promoted as a marketing tool to reach an audience with an established need for a funeral director. Funeral firms are paying a variety of fees for participation, seeking a competitive edge over their competitors by paying to achieve a better position on the website.

There is no quality control of those firms who are listed on such sites as membership of a trade association which undertakes inspections is not a requirement for sign up. This also means that client redress is not available either. The NAFD's independently run Funeral Arbitration Scheme offers consumers a right to challenge NAFD members on their service. Who do consumers turn to if they get bad advice from a comparison website if the chosen funeral director is not a member of a trade association, such as the NAFD, that has these safeguards in place?

There is evidence from other markets that such sites can result in higher prices for consumers. As they gain control of the enquiries online for funerals so the cost of being listed (and other services such as enhanced listings) go up. As has been found in the hotel market, the comparison website changes the fee structure after reaching market dominance, funeral directors will find themselves in a difficult position in the face of these increasing charges, but not feeling they are able to leave without detrimental consequences to their base of potential customers.

Concerns about such practices are central to the rationale behind the NAFD's development of the funeral-directory, as the NAFD has more than 4,000 funeral homes in membership, providing a much wider choice of funeral homes within the search results. Moreover, each funeral home listed is inspected and required to abide with a Code of Practice and consumers have access to an independent complaints process if something goes wrong.

The NAFD was interested to read the CMA's own findings following the 2016/17 market study into cost comparison websites²⁰. We share the concerns of the CMA in that, in common with the websites reviewed by the CMA in its own study, the current funeral cost comparison sites do not compare like with like and there is an absence of information about how fees are earned by the comparison site.

There is also a question about how truthful such sites are being, as we are aware of numerous instances of firms finding themselves listed on the service without having given permission. Dignity plc is one such firm, having discovered their branch details and prices listed on beyond.life without their permission or any request for fact checking.

We have been advised that Yourfuneralchoice.com operates a model where they call a funeral firm and ask for a price. It is not always clear that they get a price for the same, comparable service. If a firm wants to correct the data they need to pay to join or ask that Yourfuneralchoice.com removes the data from their site.

Interestingly, the use of comparison sites by funeral consumers has not grown significantly between 2016 and 2018 with only 1% of respondents saying they'd checked one in 2018 compared to none in 2016 (if we are generous we could also include the 7% in 2018 who said they had searched for all local funeral directors on the internet).

²⁰ <https://www.gov.uk/government/news/cma-steps-in-to-give-people-a-better-deal-on-comparison-sites>

h) How effective are industry codes of practice in facilitating consumer choice e.g. through transparency obligations placed on funeral directors?

Price transparency and the ready comparison of prices for services on a like-for-like basis has been priority for the NAFD since the early days of the Code of Practice.

The requirements are as follows:

Information to be made available:

1. Within their price lists, which should be on display and available, members shall list the itemised charges and descriptions of the constituent elements of their services, which should include professional services, removal charges, coffins or caskets available, embalming, hearses, limousines and other services available.
2. Members shall make copies of their price lists available to be taken away by clients or prospective clients.
3. Members shall ensure that all literature detailing coffins and/or caskets available includes prices, and that coffins or caskets displayed on the premises are accompanied by the price.

A copy of the current Code of Practice is attached at Appendix 4.

The Code mandates members to provide comprehensive price lists and transparent estimates and, in addition, the NAFD's Manual of Funeral Directing, provided free to each member firm, which guides our members in their work has always contained a suggested approach to funeral pricing for members to use as a template.

Compliance with the Code of Practice is monitored by team of four Standards and Quality Managers and the senior SQM reports summary inspection findings to the Association's Committee for Professional Standards. As well as the Code of Practice, which is consumer facing, the SQMs also inspect member firm compliance through a Code of Professional Standards which covers more operational considerations in respect of the running of a funeral home. A copy of the Code of Professional Standards and a recent inspection report for a branch of an NAFD member firm are attached as Appendices 5 and 6.

i) How do funeral directors compete to attract customers?

Central to attracting customers is being front of mind and being viewed as a firm that will meet families' needs at a distressing time. Typically funeral directors will undertake some or all of the following marketing activities:

- Advertising in local newspapers, on community websites, on billboards, in local publications such as parish magazines, church diaries, hospital/registrars' bereavement guides etc.
- Local radio or television advertising
- PR in local media for charity or community work
- Participating in community events
- Supporting local charities or other organisations
- Sponsoring local sports teams or particular events
- Arranging training or other events for other organisations supporting people at the end of life

A selection of stories from the NAFD's magazine, Funeral Director Monthly, is attached at Appendix 7, illustrating the variety of ways in which funeral directors promote themselves to the local community.

In terms of how they compete to secure business once families are aware of them, this is a question for funeral firms to answer as the NAFD does not involve itself in the commercial decisions of individual member firms.

j) What, if any, barriers exist to funeral directors entering a new local area?

There are very few barriers to entry to the funeral market which is positive from a market competitiveness point of view, but can be challenging in terms of ensuring consumers receive a uniformly high standard of service as, while achieving membership of a recognised trade association is not easy, the public is not necessarily educated to look for memberships and client redress schemes when choosing a funeral director in the way that they might look for ABTA registration for a travel agent or a Gas Safe Registration for a heating engineer - in spite of the many activities we undertake to try to raise public awareness- including mandating that members must publish our logo on all materials, in branch windows etc.

Some funeral directors trade from home (e.g. Modern Funerals, Brighton) or lease shops where rents are low. Logistics can be hired in as required, there is no requirement for insurances, no training requirement for staff, no requirements on mortuary provision (or standards) etc. Essentially, a new funeral director can open and advertise.

k) Could funeral directors providing enhanced online information enable effective comparisons, and if so, what information should they provide?

We would like to see more funeral directors publish detailed service information and pricing online and this is something we have actively encouraged members to do for several years. We are assisting with this by launching funeral-directory.org.uk which will support members who might not otherwise have the flexibility on their own websites to use ours to promote their services and prices.

L) Are there other ways to improve transparency of information that we should consider?

Encouraging more funeral directors to make their price lists available by email and in branch windows as well would provide additional opportunities for consumers to research costs in advance.

We also believe that encouraging the public to consider choosing a funeral firm that is subject to the scrutiny and oversight of a recognised trade association would help to raise awareness and increase transparency in relation to the different standards on offer within the funeral profession.

m) Are there measures that could help consumers evaluate non-price factors, such as quality, together with prices?

Independent review services such as Facebook, Trust Pilot Google etc. all have an important part to play as they offer people who have no local contacts to access to the opinions of previous clients. As with all such services there are opportunities for these to be open to mis-use, but on balance we believe they have a valuable role to play and for this reason we are building Google reviews into funeral-directory.co.uk.

n) Are there technological or innovative solutions that could help consumers make more informed choices?

The NAFD has spent the past nine months developing a solution to address the very challenges highlighted by the CMA.

funeral-directory.co.uk, the first phase of which is launching on 2 July 2018, seeks to be the most comprehensive and unbiased comparison site available to UK consumers with more than 4,000 funeral homes listed. funeral-directory.co.uk is being provided free to NAFD funeral firms, as a benefit of membership, will be free of advertising and will be free to use for consumers.

Building on the current 'Find a Member' facility on the NAFD website, consumers will be taken to the funeral-directory website which will guide them, step-by-step, through the process of finding their local NAFD members and, in the second phase, will also provide information about their services, reviews from previous customers and details of how to contact them. These results will be based on the radius from the searched postcode; there will be no enhanced listings to skew the results.

Importantly, funeral-directory.co.uk will give consumers the confidence that any funeral director they choose, as a result of searching on the site, will be one that is inspected regularly and abides by the NAFD's strict Code of Practice.

In the second phase, the service will also offer the opportunity to include pricing information, with consumers able to search for information on both a simple funeral and more complex, personalised services. The longer term goal, which the NAFD is now working on, is to also include standards and facilities information so that consumers can make a fully informed choice by easily comparing price, reviews, standards and facilities information.

In addition, the NAFD will continue to encourage members to publish details of their services and prices on their own websites and continue to mandate the provision of written estimates and price lists, so that those consumers that choose not to use price comparison websites are able to find the information they need and arrive at their own comparison.

o) Do crematoria compete to serve funeral directors and their customers and if so, how?

In our experience, crematoria do not generally actively compete for customers as, due the levels of capital investment required, the restrictive planning conditions applied to crematoria (and the fact that the planning authority normally owns a crematorium of its own in the area already) makes the realistic potential for competition rare, with very few exceptions.

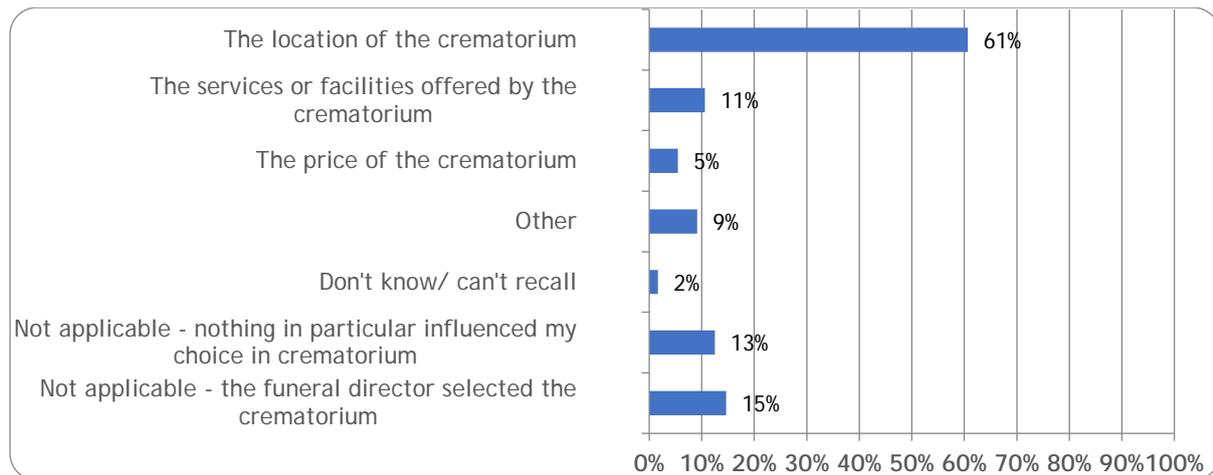
Generally speaking, therefore, crematoria do not advertise to the public. However, we do sometimes see community marketing events such as open days.

Other examples we are aware of:

- Harwood Park (<http://www.crematorium.co.uk/>) in Stevenage, which is owned by W Austin & Sons Funerals, has undertaken radio advertising for many years - voiced by the actress Joanna Lumley.
- Sandwell Council sought media coverage in late 2017 for its proposal to introduce an Alkaline Hydrolysis service at one of its crematoria. <https://inews.co.uk/inews-lifestyle/wellbeing/west-midlands-floats-new-kind-cremation/>
- Memoria commissioned a series of direct cremation advertisements <https://www.memoria.org.uk/services-and-facilities/low-cost-cremations/>

p) Do customers (or funeral directors on their behalf) actively consider alternative crematoria when arranging a funeral? What would encourage them to do so more?

In our members' experience, families usually choose the crematorium for one of the following reasons: it is located closest to where other aspects of the funeral are being held or where the person lived; it is one that they know of or have previous experience of; there is a family history or connection to that crematorium; they consider it to be the nicest if there is a choice (perhaps because it has a particular style of landscaping). This is supported by the responses to a question asked by YouGov in 2018 of people with experience of organising a funeral in the past five years that involved a cremation who said the factors which influenced their choice of crematorium were as follows:



Where there is a choice, funeral directors should offer comparisons in cost as they would any other aspect of the funeral.

Please note, although most crematoria are now equipped with bariatric facilities, where these aren't available, families of obese deceased persons may have to travel to the closest crematoria that can accommodate their needs.

q) What are the main barriers to entry for new crematoria?

In our experience, the key barriers to entry for new crematoria are the requirement to prove a need (in its 2016 guidance notes the Federation of Burial and Cremation Authorities suggests generally a minimum of 1,000 cremations a year would be required to prove a business case, other than in more rural areas²¹), the levels of capital investment required and the restrictive planning conditions generally applied to crematoria, which are set out in the *'The Siting and Planning of Crematoria'*, Environmental Protection Act 1990²² and the *Scoping of Environmental Impact of Cemeteries and Crematoria*²³.

It is also important to note that the planning authority considering such applications is likely to own a crematorium of its own in the area already, which gives rise to potential competition issues – although there are also instances where councils have had their own crematoria planning permissions quashed

²¹<https://www.fbca.org.uk/Download/FBCA-Guide-to-Cremation-and-Crematoria--Updated-Sept-2016.pdf>

²²<http://www.cremation.org.uk/content/files/Siting%20and%20Planning%281%29.pdf>

²³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/297117/geho0112bvzy-e-e.pdf

for similar reasons such as the case of Welwyn Hatfield Borough Council, which had its planning permission for a crematorium quashed for not properly considering capacity at a nearby facility.²⁴

The NAFD would like to see a review of the Cremation Act (1952)²⁵ to establish whether new entrants to the market should be encouraged.

r) Why have cremation fees generally increased and why do they differ across the UK?

In the NAFD's view there are four main contributory factors to the increasing costs of cremation:

1. the additional costs to crematoria as a result of the Environmental Permitting Regulations (England and Wales) 2007²⁶ and DEFRA Mercury Abatement requirements;
2. the move to longer service times, now typically 45 minutes;
3. investment in the Wesley Media System, tv screens, live streaming technology and other modern facilities; and
4. The general lack of competition and, in the case of local authority-run facilities, the change from crematoria being viewed as an amenity, to being viewed as a revenue stream.

It is this last point that gives the NAFD greatest cause for concern. One of the fastest rising costs relating to a funeral are burial and cremation fees – which are increasing faster than the rate of inflation and are increasingly stated as being used to help fill holes elsewhere in council budgets or offset other costs where an increase may not so easily be accepted by the public. This, to the NAFD, is evidence that councils see bereaved people as a soft target.

The 2018 State of Local Government Finance report, a survey of local authorities published on 8 February 2018 by the LGiU think tank and The Municipal Journal²⁷, revealed the extent of the pressure local councils are under to balance their books and the degree to which this is leading them to levy additional charges on local communities.

The same report also highlighted how councils are not only intending to increase council tax, but are also draining their reserves and looking for additional ways to increase charges to residents too.

A target for these rises is often bereaved people. In recent years the National Association of Funeral Directors has seen countless examples of local authorities introducing double digit-price rises for burials and cremations as well as introducing fines for late running funerals and excess charges for out-of-area funerals.

In fact these kinds of third party charges now account for a third of all funeral costs and are the fastest rising cost connected to a funeral. In 2017, both burial and cremation fees attracted above-inflation price rises (Royal London reported burial fees up by an average of 3.5% for residents and 5.3% for non-residents and cremation fees up by 5.4% in September 2017²⁸).

Examples include:

²⁴ http://localgovernmentlawyer.co.uk/index.php?option=com_content&view=article&id=34453%3Ahigh-court-judge-quashes-planning-permission-for-crematorium&catid=63&Itemid=31

²⁵ <http://www.legislation.gov.uk/ukpga/Geo6and1Eliz2/15-16/31/contents>

²⁶ <http://www.iccm-uk.com/iccm/library/DEFRA%20CrematoriaMercuryEmissionsDirection2010.pdf>

²⁷ <https://www.lgiu.org.uk/wp-content/uploads/2018/02/LGiU-MJ-State-of-Local-Government-Finance-Survey-2018-Full-Report.pdf>

²⁸ <https://www.royallondon.com/Documents/PDFs/2017/Royal-London-National-Funeral-Cost-Index-2017.pdf>

- In March 2018, Cornwall trebled their burial fees, but also hiked cremation fees too²⁹
- In February 2018, Worcester City Council announced increases to burial and cremation charges – but car parking charges will remain the same, despite many of the council’s car parks charging below the level of privately-run alternatives. The reason for hiking up fees for bereaved families but not for car drivers? “We don’t want to discourage shoppers coming to the city by increasing the charges too much,” said Councillor Mike Johnson, who chairs the Communities Committee.
- The latest Walsall Council draft budget includes proposals to increase cremation fees by six per cent in 2018-19 and 2019-20, with the aim of raising an additional £180,000 a year to shore up the council budget.
- In 2016, Coventry Council announced increases in excess of 20% to burial charges and 15% for cremation fees as well as the introduction of fees for overrunning services which were previously free³⁰.
- North East Lincolnshire Council has increased the cost of purchasing a grave at its cemeteries by 250% since 2012 and cremation charges have gone up by 25%, while a burial plot in Watford rose by 60% in five years, from £810 in 2012 to £1,300 by late 2016.
- In some areas, residents are fighting back, with Kirklees Council in West Yorkshire forced to cave into pressure and backtrack on planned increases in burial charges. Council officers were asked to revise proposals earlier this year³¹.

These increases in fees are always met by somebody, they are not optional and are required to be paid at the level specified in order for the funeral to take place.

The cremation fee, for example, will either be paid by the funeral director and then recovered from the family (or not, if the family do not pay), paid by the DWP in the case of a successful Social Fund application, from the estate of the person who died, or from a charitable source. But there is never an instance where that fee is not paid. This is not true of funeral directors’ fees where there is evidence of significant debt in the funeral profession. In the 2018 NAFD members’ survey, 86% of respondents confirmed that they had bad debt.

Councils might make the argument that burial plots can be in short supply in some areas and so higher fees are appropriate, but it then becomes particularly galling to see councils also increase cremation fees by inflation-busting amounts too – leaving families with no choice but to pay these higher fees. For example in the Scottish Highlands, cremation fees increased by 59% to £849 between 2015 and 2016.

Case studies

South of England

Third party fees as a proportion of the overall funeral cost have increased significantly since the last time the Competition and Markets Authority (then known as the OFT) looked at the funeral sector in 2004.

²⁹ <https://www.cornwalllive.com/news/cornwall-news/anger-price-burials-cornwall-council-1417857>

³⁰ <http://democraticservices.coventry.gov.uk/documents/s31284/Revised%20Burial%20Cremation%20Fees%20and%20Charges%202016-17.pdf>

³¹ <https://www.examiner.co.uk/news/kirklees-council-say-re-think-14081707>

A member in the south of England has provided us with comparison figures showing how the proportion of funeral costs relating to cremation fees has changed between 2004 and 2018. These figures are taken from two equivalent funerals, from the February of each of the two years, which comprise directly comparable elements and costs.

These are not 'simple' funerals; they represent the equivalent popular options and include a simple (but not the most simple) coffin, a hearse, the staff needed for the funeral and service charge (which includes preparing someone for the Chapel of Rest, including embalming if required) and viewing within working hours. It excludes collection of the deceased (which is based on place of death and time of collection), and options such as limousines etc.

	FD costs	Crematorium fee	Doctor	Minister	Cost of cremation
2004	1120	365	101	90	556
2018	2340	1070	164	191	1425
% increase	108.9286	193.1506849	62.37624	112.2222	156.294964

As you will see, the cremation fee has increased by almost 200% whereas the funeral directors' costs have increased by almost half that amount. The Minister's fees have also increased by more than the funeral director's costs.

Note: doctors' fees are not always chargeable (if death is unexpected) but in these two cases they were and were therefore required to be paid.

The crematorium fee, doctor's fees and minister's fees are combined as the 'Cost of Cremation' (£1,425 in 2018), all of which are fixed amounts. If concerned about cost, the family concerned could perhaps instead have chosen the funeral director's cheaper service options and reduce the £2,340, but the £1,425 cost of cremation is unavoidable.

Between 2004 and 2018 the crematorium concerned has had a couple of refurbishments and has introduced the Wesley system and screens, but otherwise their service is broadly the same. The fee includes provision of an organist and a scattering of ashes, witnessed or unwitnessed, in their Garden of Remembrance, if wanted. Today it also includes use of the Wesley Media system (an online facility provided to service venues on a paid-for basis by a private company, allowing for a wide choice of music to be played and photos and visual montages to be displayed during services) and a simple visual tribute.

The minister will be carrying out broadly the same service (this is based on the Church of England fee and the standard funeral service has not altered), although most families would expect far more liaison now, and probably the providing of information to be used to create an Order of Service.

However, in the period between 2004 and 2018, the amount of work which the funeral director is carrying out for the same type of funeral has dramatically increased. For example, in 2004 the vast majority of music at this particular crematorium would have been played by the organist. Voluntary music was frequently of the organist's choice and so did not need any research and all music choices were communicated by telephone or, if they were known when the funeral was arranged, they would be entered onto the funeral director's database and automatically populate on the confirmation it generates for the crematorium. Music was occasionally provided on CD which would be taken on the day and the crematorium did not express any necessity to know what this would be in advance. For

the particular funeral in 2004 the funeral director was given one music request- that the congregation was to sing 'The Lord's My Shepherd'. Everything else was at the discretion of the crematorium organist.

In contrast, now the crematorium has the Wesley system, virtually every funeral has bespoke music. 'Organist's choice' is now extremely rare. The options have to be explained to the family and for some choices there are three further sub-choices (e.g. is the hymn to be played live by the organist or on the Wesley system and, if so, in which version of accompaniment?). Time has to be taken to check that the music is in the crematorium's library and order it if not - this can be time consuming. The crematorium requires that completion of a form with all the music. A telephone call or written record on the funeral director's own confirmation is no longer sufficient. Because music is more complicated, it also has to be provided in detail to staff present at the funeral far more thoroughly so it can be checked at the service and staff will therefore be aware if anything is wrong. What used to be a 30 second activity is now, routinely 30 minutes and is just one example of many in the modern, personalised funeral.

In addition, since 2004, the funeral firm has updated its fleet three times (it is due again), completed two complete iterations of uniform - replacing everything for everyone – which costs tens of thousands of pounds each time. In 2016 they invested in a new cold storage facility, at a cost of over £50,000.00. The firm now employs more staff as deceased people are getting bigger and more often require six pallbearers instead of four and the funeral requirements are now typically more complex and take longer, requiring more staff to carry them out.

In addition there has been increased costs due to the roll out of the workplace pension and other increased running costs similar to those of other comparable businesses with premises, fleets etc.

What is also noticeable about these two comparisons is that the 2004 funeral was for a gentleman who died on 5 February and his funeral was held on 12 February. The 2018 equivalent was for a death on 7 February, where the funeral was not until 9 March. This is a significant variance over time, and is continually increasing – having an impact on the costs of storing a greater number of bodies for a longer period of time.

North of England

A funeral director on Teesside has provided a direct comparison to the above with two funerals from their own business:

North East	FD costs	Crematorium	Doctor	Minister	Cost of cremation
2004	£ 835.00	£ 315.00	£ 101.00	£ 90.00	£ 506.00
2018	£ 1,840.00	£ 735.00	£ 164.00	£ 191.00	£ 1,090.00
% increase	120.36	133.33	62.38	112.22	115.42

During this time, the funeral business has had three refurbishments, one of which was an extensive refurbishment of the mortuary facilities, at a cost of £250k. They have also purchased two new fleets during the same period, the last one (2012) at a cost of £670,000. In addition, they have replaced staff uniforms, installed new anti-fatigue flooring in the workshop, enhanced staff facilities etc. By comparison, the crematorium has had a bariatric cremator installed, plus the Wesley music system.

What is particularly noticeable in respect of the two case studies is the difference in the cremation fees. In 2004, the crematorium fee for the south of England example was 16% higher than for the north of England example. Today, it is 45.6% higher. Given that the evidence suggests families generally go to the crematorium nearest to where they want the funeral to be held, then they have little choice but to accept the fee that is charged and so this represents something of a postcode lottery.

In the NAFD's view supporting families faced with the cost of the funeral of a loved one should not be solely the responsibility of the private sector and the NAFD would like to see local authorities playing their part too, restricting future increases in burial and cremation fees to percentages much closer to or below the rate of inflation.

The NAFD would also encourage the CMA not to limit its scope to crematoria in respect of increasing fees. Cemeteries are charging double, triple fees and even quadruple fees to non-residents who either live close to a council border and identify more closely with a cemetery that is not in their council area, or wish to bury someone in the cemetery that other members of the family are buried. These higher fees are, in some cases, also levied for the re-opening of a grave to allow for the interment of a spouse with their partner who pre-deceased them. Other fees have also been introduced such as late running service fees, cancellation charges, memorial permits and other charges.

For example:

- Potton Town Council quadruples charges for non-residents³² - and drew anger following a decision to levy these additional charges on the cremated remains of married former Potton Town Councillors who had served the town for many years, only moving to Kent for the final few years of their lives, having secured a cremated remains plot in the town³³.
- Gedling Borough Council in Nottingham charges non-residents double and triple charges for certain types of burial³⁴ whereas neighbouring Mansfield Council does not levy additional charges³⁵.
- Felixstowe Town Council in Suffolk levies additional fees for residents of villages which are on the outskirts of the town and have no rural gap between them. The additional charges notification is a discreet footnote in small font at the bottom of the fees list.³⁶
- Mole Valley District Council levies a treble fee for the reopening of a grave in Dorking Cemetery for a non-resident, if the original occupant was also a non-resident too at the time of burial.
- Hartlepool Crematorium has introduced a £203 cancellation fee, where a time is booked and then cancelled with no alternative booking being made. In addition, if families wish to have a longer than a fifteen minute service at the crematorium they must book a double slot. This was introduced as an additional charge in 2017 which, in real terms, meant that they had increased their prices by around 17%³⁷.

³² <https://www.pottontowncouncil.co.uk/wp-content/uploads/2018/03/Cemetery-Regulations-and-Fees-revised-1st-October-2017.pdf>

³³ <https://www.biggleswadetoday.co.uk/news/daughter-disgusted-as-potton-town-council-quadruple-parents-burial-costs-despite-huge-contribution-to-community-1-8503296>

³⁴ <https://www.gedling.gov.uk/resident/funerals/fees/>

³⁵ <http://www.mansfield.gov.uk/CHttpHandler.ashx?id=7338&p=0>

³⁶ <http://www.felixstowe.gov.uk/wp-content/uploads/2018/04/Cemetery-Fees-2018-2019.pdf>

³⁷ https://www.hartlepool.gov.uk/downloads/download/86/cemeteries_and_crematorium_price_list_2018-19

4. Additional comments

There are a number of additional points which the NAFD would like to make to support the work of the Competition and Markets Authority in its review of the competitiveness of the funeral sector.

Consumer behaviour

As you can see throughout our submission, the NAFD has identified numerous circumstances where consumers are either less well equipped (practically or emotionally) or in some other way not inclined to approach planning for or making decisions about a funeral in the way they might approach other consumer purchases.

This is a phenomenon that is well recorded, including by the NAFD - which found in the 2016³⁸ and 2018 Omnibus surveys by YouGov that 12% of respondents (14% in 2016) said that nothing would prompt them to think about their own funeral; 52% of respondents (48% in 2016) would only be prompted to turn their attention to it when someone close to them had died, and 52% said they would only think about it after they had experienced a serious illness or an accident (44% in 2016) .

According to Funeral Planning Authority figures for 2017 there are only 1.3 million funeral plans in existence that have not been executed, out of a UK adult population of circa 41.4 million people and Citizen's Advice research in 2016 evidenced that two thirds of people in the UK die without a will³⁹.

Further, a survey in 2016 by the Money Advice Service revealed that 16 million British adults had less than £100 saved – a figure which the survey proved wasn't necessarily related to income, but was more about a change in the nation's view of how expenses will be paid for which, when coupled with a general reluctance to plan ahead, leaves families without either financial resources or important information to carry out the funeral of a loved one⁴⁰.

Other organisations have published research which supports the NAFD's concerns, such as:

- Dying Matters: (<https://www.dyingmatters.org/news/planning-ahead-eases-burden-grieving-partners>)
- The Funeral Planning Authority: (<https://funeralplanningauthority.co.uk/news/prompting-consumer-action/>)
- Marie Curie/University of York/Social Policy Research Unit: <https://pure.york.ac.uk/portal/files/48237572/FUNERALpoverty.pdf>

In '*Definitions of Funeral Poverty*', the Social Policy Research Unit/the University of York, funded by Marie Curie, the report concludes:

"People generally think across other kinds of large expenditures that may come their way – cars, domestic repairs, holidays, winter fuel bills. Even if they are unable to save towards such possibilities, they often have some idea of the amounts involved, have thought about possible ways of managing

³⁸ All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2070 adults.

Fieldwork was undertaken between 11th - 12th April 2016. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

³⁹ <https://www.bbc.co.uk/news/uk-36325871>

⁴⁰ <https://www.moneyadvice.service.org.uk/en/corporate/press-release-low-savings-levels-put-millions-at-financial-risk>.

or avoiding such expenditures, and may readily talk to other people about problems meeting costs. People often have fewer preparatory or coping strategies for a large and unexpected funeral bill.”

The NAFD believes that it is important that this general unwillingness to make plans, of whatever kind, for the end of life is taken into consideration when reviewing how far the funeral profession is responsible for ensuring that consumers are able to make informed decisions. The NAFD wholeheartedly believes that funeral directors have a responsibility for making available information to help consumers make an informed decision, and for helping to educate the public in why making decisions in an informed and timely way is important – but that consumers also bear responsibility for taking control of their own financial affairs and government must bear responsibility too for educating the public in these matters.

It is for this reason that the NAFD (and others) would like to see bereavement and loss taught in schools – to address the cultural reticence for discussing such matters, to help prepare young people for the losses they will experience during life and also improve financial education about funerals and the winding up of an estate too.

The growth of Direct Cremation as a funeral choice

In the 2018 YouGov Omnibus survey 38% of GB adults said they would be likely to consider a direct cremation for themselves, and 28% would consider it for a loved one. A similar question was asked in 2016 Omnibus survey to which 26% said they would be likely to consider it for themselves and 16% for a loved one, demonstrating a notable increase in interest in direct cremation as a funeral choice.

This change is supported by findings from our 2018 Member Survey in which 39% of respondents said enquiries about direct cremation had increased a little and 29% said they had increased significantly.

In the 2018 YouGov Omnibus survey, the reasons GB adults gave for considering direct cremation for themselves or a loved one were as follows:

- To save money (43%)
- I/they would not want a funeral service (36%)
- I/they would want to spare friends and family distress (23%)
- I would prefer to plan another event to remember them/ me and celebrate their/ my life (32%)
- Other (6%)
- Don't know (9%)
- Prefer not to say (4%)”

The absolute numbers of direct cremations remain very low in comparison to funeral choices where families attend the funeral service and, our members report, an enquiry about a direct cremation often results in a more traditional funeral type taking place once families have had a chance to consider how they feel about not being in attendance.

However, funeral directors are making provision for families who wish to have a direct cremation with larger firms such as Co-op and Dignity publicising direct cremation service options and only 7.5% of respondents to the 2018 NAFD members survey saying they do not offer a direct cremation service.

Inadequacy of Government support for bereaved people

In this review, is the CMA primarily interested in the absolute cost of a funeral, or in what people have to pay? These are not necessarily the same thing.

In considering this it is important to understand how the Government's funeral benefit, the Social Fund, exacerbates uncertainty, prevents freedom of choice and affects the normal economic running of the funeral profession.

Whilst funeral prices may have continued to increase in recent years the amount of support offered by the government (to people who would previously have received support) has significantly declined both in the number of successful claims and the overall value of the claim.

The Social Fund is paying out less and less each year in real terms. Government reported in August 2017 that that £38.6 million was paid out in Social Fund Funeral Expenses Payments (FEP) in the year to July 2017, compared to £40 million in 2015-2016 and just over £44 million in both of the previous two years. In 2012-13, the figure paid out was £43.1 million.

This fact is brought to life upon inspection of the Government's own data tables⁴¹ for not only the Social Fund, but its predecessor the Death Grant, which was created in 1971. Following the launch of the Social Fund in 1993, funeral payments rose to over £90million a year in years 1983-1984 and 1994-1995. Prior to this, the death grants paid out more than £100 million a year between 1971 and 1976 and actually exceeded £150 million in 1972-1973. Some 45 years later, in 2017, the amount paid out had shrunk to £38 million.

In 2016- 2017, the number of people applying for the benefit remained largely the same as the prior year at 45,000, but the number of successful applicants fell with only 27,000 people receiving a payment in twelve months to August 2017, compared to 29,000 in 2015-16. The average amount paid out, however, has risen slightly, by £17.00, to £1,427, compared to £1,410 this time last year. This means almost 20,000 bereaved people had their application for a Funeral Expenses Payment refused and faced the burden of paying for a funeral, that they had hoped to receive support from the Government for, after the funeral had taken place.

Within those payments that are made the DWP covers, in full, the local authority burial or cremation fee and doctors' fees, whilst offering only £700 to help cover almost everything else relating to the funeral, including the coffin, flowers, celebrant or minister's fees and the services of the funeral director in making all of the arrangements.

The Funeral Expenses Regulations and Social Fund were introduced on 6 April 1987 and covered full payment for a simple funeral, with hearse and one car, viewing, flowers, announcement in paper, cemetery or cremation fees and doctors' fees.

On 5 June 1995 a £500.00 cap was introduced.

On 7th April 1997 the CAP was increased up to £600.00, but the definition of what the funeral includes was removed and the payment for Minister's fee as a specific cost of Burial or Cremation was removed.

The cap was increased to £700 on 7 April 2003 and has remained at this level for eighteen years.

Given that the minister or celebrant's fee today is around £200 (the non-waivable fee for a funeral service in church by a Church of England minister is £190, for example, and there a number of other fees for other aspects of a church of England service too⁴²), it is simply not possible to care for the deceased, arrange the funeral and provide a coffin, hearse, flowers etc. within the remaining £500.

⁴¹ <https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2017>

⁴² <https://www.churchofengland.org/sites/default/files/2017-10/Fees%20Table%202018%20-%20A4%20-%20all.pdf>

An additional point on the Church of England Minister's fee: these fees are suggested by the DRACCS committee at Church of England, approved by Senate but most importantly set by Parliament. This means that, while it seems to have become acceptable to criticise funeral directors for increasing their fees by 100% in fifteen years, during which time the requirements and nature of the service delivered has changed beyond recognition, the Government has agreed to an increase to the one fee that Parliament Sets from £92.00 to £190.00 in the last three years – an increase of 106% -despite their being very little change to the service provided.

As with shortfalls in pre-paid funeral plans, the funeral director must either seek money from the family (who are unlikely to have such resources given that they have qualified for a benefit payment), swallow the costs themselves or refuse to carry out the funeral. They are rarely able to do the latter given that the DWP will not confirm that a payment will be forthcoming until a final invoice is produced – which only occurs shortly after the funeral takes place as people change their requirements right up until the day of the funeral.

This situation is exacerbating funeral poverty – something that, ironically, the Social Fund was established to address and the Social Fund is in urgent need of a proper review as it is failing bereaved people and affecting the normal running of the funeral sector. The impact of inadequate government support for those who cannot afford cost of a funeral, or decisions to only fully fund local government funeral costs, leaves the pressure to address funeral poverty falling almost entirely on the private sector. This again affects funeral directors' ability to run their businesses in a normal way.

Going forward, the Scottish Government has recently announced⁴³ that the capped £700 element of their equivalent benefit will now be increased annually in line with inflation. Whilst this will represent only a small (and long overdue) increase, the NAFD is delighted that the Scottish Government and Scottish Parliament has taken this important first step to offering greater help for bereaved families.

Across more than a decade, the NAFD has consistently voiced concerns about the growing inadequacy of the funeral expenses payment and we will continue to campaign for Westminster to follow suit. We would welcome any support the CMA is able to provide in putting pressure on the Department for Work and Pensions to undertake a proper review of the Social Fund funeral payment and viability of the £700 cap on funeral expenses.

Local authority funeral businesses

Further to our concerns about councils viewing funerals as a revenue stream, we would also like to highlight the current fashion for local authorities to use the establishment of their own funeral services as a way of plugging funding gaps. We believe that these services are often more expensive (or at least not cheaper) than local funeral firms offer and that the council has an unfair advantage if it is not paying business rates. In effect, these council-run services are actually driving up costs to bereaved families and forcing local, often small and independent funeral directors, to effectively compete with the council on an uneven playing field.

Liverpool Council, in a recent letter to funeral directors across the UK (attached as Appendix 8) sought funeral directors willing to deliver a funeral for £1,000 (it was not clear if this would include the council's own disbursement charges), while the NAFD found ample evidence of Merseyside funeral firms already offering basic, simple and respectful funerals in the region of £700 plus disbursements.

⁴³ <https://www.thetimes.co.uk/article/snp-backs-increase-in-funeral-benefits-ij89lwrt2>

Similarly Gateshead Council, in June, launched a commercial funeral business (Regent Funeral Services) complete with premises and a fleet of cars with personalised plates, offering services at a price that are more expensive than comparable funeral services in the local community. For example, Regent's direct cremation package is £1,500, exclusive of doctor's fees (<https://www.regentfuneralservices.co.uk/article/8660/Direct-cremation>) whereas CM Walkers, a local firm in Gateshead, offers a direct cremation package inclusive of doctor's fees for £1,375 (<http://www.cmwalkersfunerals.co.uk/funeral-packages/index>).

The NAFD has already challenged North East Lincolnshire Council's proposals to run funeral services, arguing that it was anti-competitive and, given that it had raised its burial charges by 250% in recent times and reduced customer contact hours, there was doubt that it would be able to offer a funeral that was either as affordable or professionally carried out as those offered by local funeral directors.

Children's Funeral Fund

The NAFD would like to make an observation in respect of the Government's recent announcement of the creation of a Children's Funeral Fund.

The news of any additional government support for grieving parents is, of course, to be welcomed and so the Fund is something, in principle, that the NAFD has warmly welcomed.

However, on closer inspection the new fund appears to have been created simply to pay councils back, in full, for waiving burial and cremation fees and therefore it is simply a recycling of public money from national to local government.

Although we are still waiting for confirmation, it appears that there is no opportunity within this fund for the costs of the funeral itself to be covered.

More than 75% of NAFD member firms do not charge professional fees for the funeral of a child, providing their services for free because, as one member put it: "It is our policy to not charge, families at this time are under enough distress and pressure." A position adopted by numerous NAFD members is that, if the family feel they want to pay something, they ask them to make a contribution to charity.

The NAFD surveyed its members in 2017 about this subject and what was clear from the results is that this is something members do from a place of compassion and conviction...not because they are required to.

Up until now, this has been a voluntary commitment (one with a real cost implication for funeral directors) and one which funeral directors would be able to change if circumstances demanded it. Yet it would appear that this practice is now effectively being formalised by virtue of the creation of the fund which establishes the principle that parents should not have to pay for the funeral of their child.

Yet while the councils will suffer no loss of revenue as a result of this decision, as they will be reimbursed by the government, funeral directors will either have to continue to swallow the costs themselves or face criticism for charging for something the public now believes it is government policy should be provided for free.

The NAFD also noted that the fund does not appear to take into account cultural differences, nor the wishes of parents who do not choose a local authority cemetery or crematorium, however it is not possible to say for sure due to the ongoing lack of clarity from the government.

The timing of the announcement, which coincided with the same day that the government's £100m cut in bereavement benefits came into force, did not go unnoticed by the profession either.

The NAFD would like to ask the CMA how it feels the funeral profession should reasonably be able to decide what should be included, or not included, for free when there is a continued lack of clarity in the announcement and the difficulties that we have already outlined across communities in deciding what is 'necessary' vs what is discretionary, desirable etc. In our view, this is another example of the lack of fairness being applied in the different expectation being placed on the private sector and public sector to provide for those who are grieving.

The National Association of Funeral Directors 2018

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Appendix 8 - Letter to Liverpool Council